Annual Report

삼 해 보 험 회 사

SAMHAE INSURANCE COMPANY

2018

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COMPANY INFORMATION

SAMHAE INSURANCE COMPANY

Company Name	:	SAMHAE INSURANCE COMPANY
Abbreviated Name	:	SAMHAE
Date of Foundation	:	6th October 2016
Paid-up Capital	:	KPW 3,000,000,000
Head Office Address	:	Haebangsan-dong, Central District, Pyongyang, DPR Korea
Telephone	:	850-2-18111 Ext.3818539
E-mail	:	samhae@silibank.net.kp
Website	:	www.samhae.com.kp
Approved Business	:	Marine and Aviation Insurance
Underwriting Business	:	Cargo Insurance Marine Hull Insurance Marine Liability Insurance
Our Mission	:	Protection, Promotion and Prosperity
Our Core Value	:	Easy to Contact, Quick Response, Specific Survey and Appropriate Measures
Our Strategic Target	:	To take the leading position in the national insurance industry

Message from President

Dear Sirs and Madams,

I have the honor of presenting the Annual Report 2018 of SAMHAE INSURANCE COMPANY which reflects the evolution of its insurance performance and financial statements for the accounting year 2018.

SAMHAE INSURANCE COMPANY is an insurance company that specializes in marine insurance and carries out its business in the territory of DPR Korea. The Company has its branch offices throughout the country and underwrites marine risks in accordance with rules and regulations of the state.

Since the establishment, the Company has put forward “Protection, Promotion and Prosperity” as its mission and is constantly improving the quality of insurance service.

And the Company set up a strategic target to take the leading position in national insurance industry and is now exerting its most efforts to achieve the goal.

Today, as in the past, it remains as a matter of importance to provide the clients with suitable coverage against losses that may possibly occur in the process of the maritime trade and business. And we regard it as our foremost task to resolve the problems and try our best to increase the insurance product lines.

At present, the Company is consolidating its position as a competent and reliable marine insurer in domestic market and putting forth all its power to accomplish the staged plans to expand its business.

During the year, the Company mapped out a series of plans aimed at winning over more customers in maritime transport and fishing industry in order to increase profit margin of the Company and we made a good advance.

In 2018, the gross written premiums totaled to KPW 894,889,383 while the net income reached KPW 314,220,444, almost doubled in comparison with the previous year.

The notable upsurge we achieved in 2018 is attributable to the dynamic efforts, devotion and high sense of responsibility of all Company Staff which enables the Company to comprehend the actual demand for the insurance of the clients who are engaged in the cargo transport, shipping operation and fishing industry and to satisfy them.

Finally, I seize this opportunity to extend my deep thanks to all the Company Members for the endeavor they have devoted to the development of the Company, as well as to our business partners for the dedication they have shown during the year.

KIM SONG HO

President

Company Structure

SAMHAE INSURANCE COMPANY is consisted of departments and offices possessing experienced and competent officers and experts, who have been working in the sectors of insurance, finance and maritime affairs.

The Company is securely structured for active cooperation between its departments, local branch offices and staff within the Company.

The corporate structure creates a good environment for the Company to attain a better result in the business management in times ahead.

SAMHAE in Figures

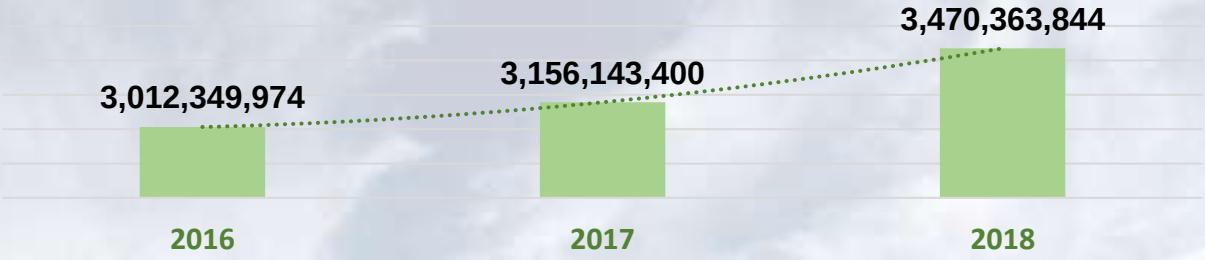
Figures in KPW

ITEMS	2018	2017	2016
Equity	3,470,363,844	3,156,143,400	3,012,349,974
Total Assets	4,198,278,196	3,685,148,997	3,218,487,700
Gross Premiums Written	894,889,383	431,897,605	55,564,856
Net Premiums Earned	775,916,228	309,525,863	22,389,430
Gross Claims Paid	(192,148,952)	(62,807,472)	(4,074,620)
Underwriting Provisions	316,375,468	177,060,597	35,497,726
Earnings Before Payment to State	448,886,349	205,419,179	13,351,324
Net Income for the Year	314,220,444	143,793,425	12,349,974

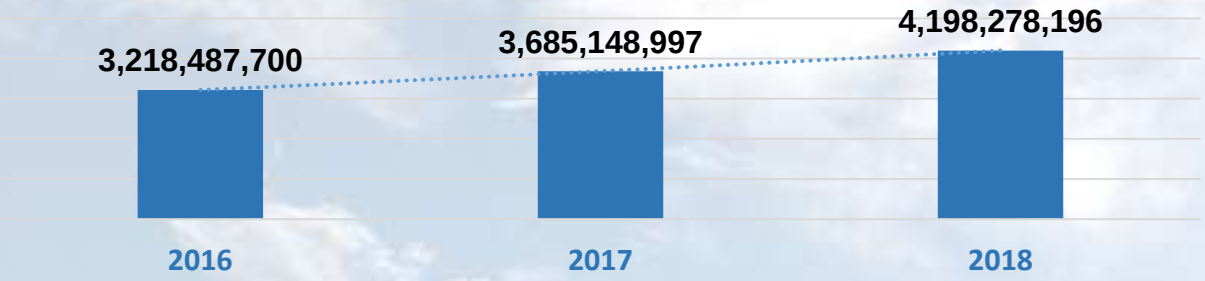
Statistical Chart for 3 years

Figures in KPW

Equity



Assets



Gross Premiums Written

Net Income

Business Performance in 2018

Insurance Business

a) Cargo Insurance

The number of cargo insurance contracts rose by 2.4 times over the previous year and this positive trend is expected to be continued for the next year.

Premium income from cargo insurance accounts for 54% of the annual premium income of the Company.

The Company paid due attention to the risk management for the profitable development of the cargo account and as a result, the annual loss ratio should be reduced to 30.40% in comparison with the previous year.

During the year, the premiums from cargo insurance account amounted to KPW 479,327,308.

b) Marine Hull Insurance

In 2018, the written premium of Hull Insurance reached KPW 266,524,175 occupying 30% of the Company's total turnover.

In marine hull insurance, the Company is putting a high importance on the fishing vessel insurance that covers both Hull and P&I risk and achieved considerable profits.

The written premium of fishing vessel insurance is KPW 57,491,230 and is expected to increase in the future.

c) Marine Liability Insurance

The Company experienced a growing demand for P&I and port liability insurance among customers during the year and directed its efforts in satisfying their needs to the maximum. In 2018, the premium income from P&I and port liability lines reached KPW 70,373,717 and KPW 21,172,953 respectively.

d) Reinsurance

In 2018, the Company was provided with the reinsurance cover to ensure stability and covering ability of the Company operation and to protect clients' interests.

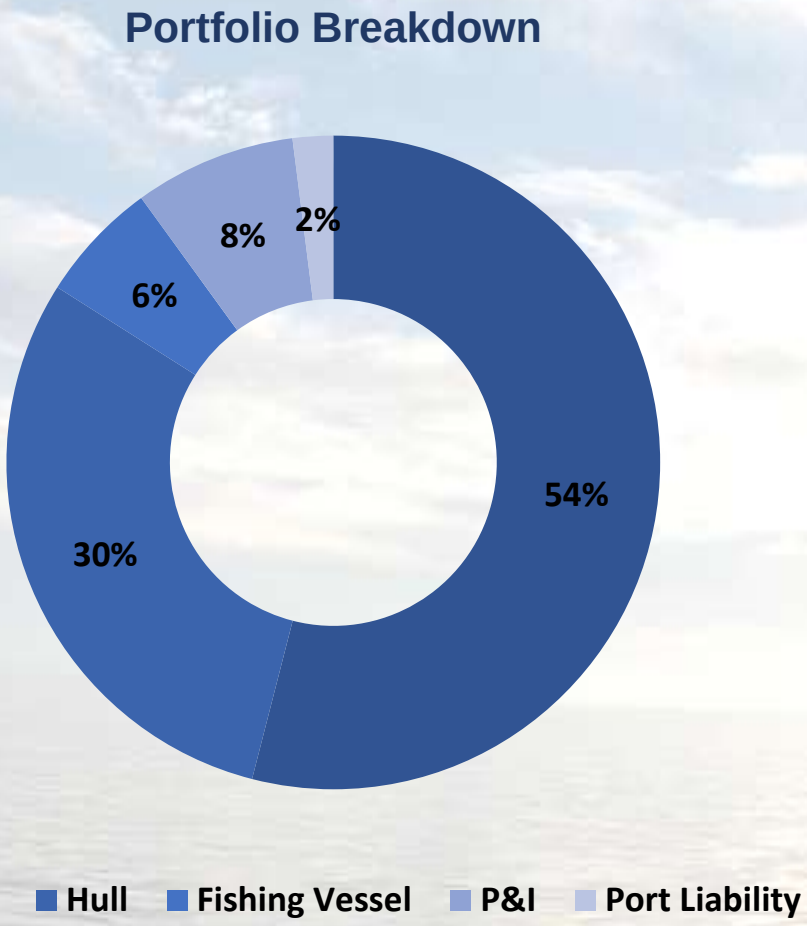
Other Business Operation

In the year 2018, the Company enhanced its investment in information technology for the qualitative improvement in risk management and loss prevention.

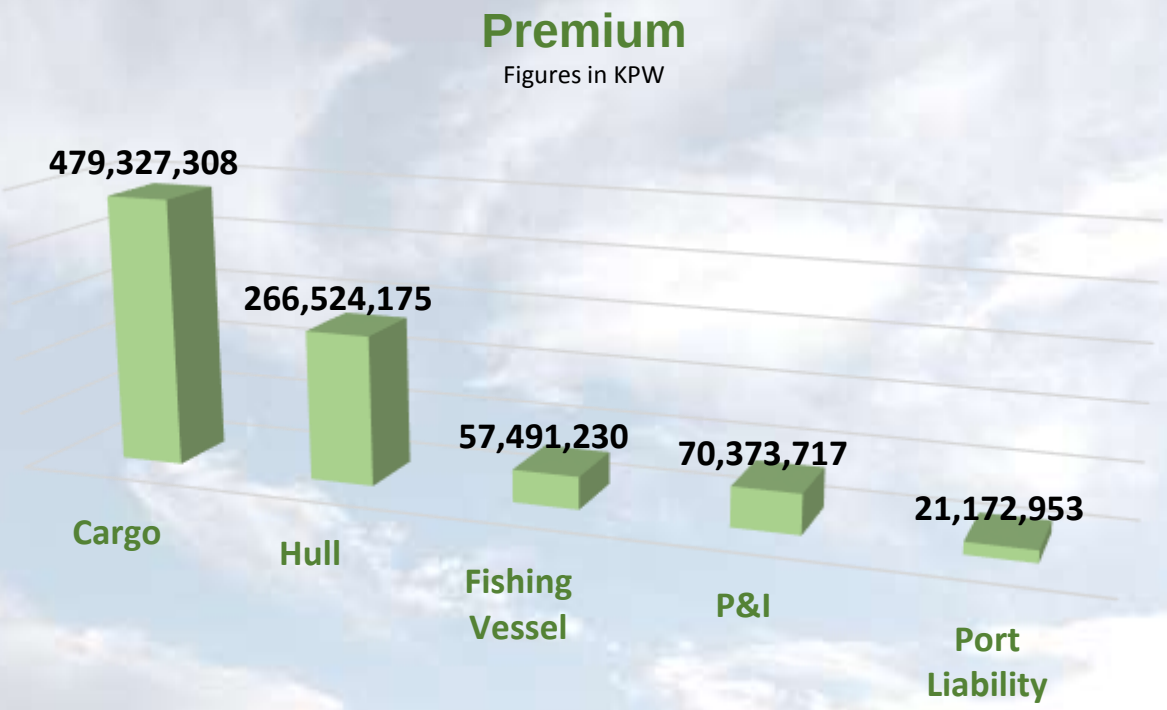
The on-line business system of the Company was further renovated, thus bringing about high speed and good performances in the business operation.

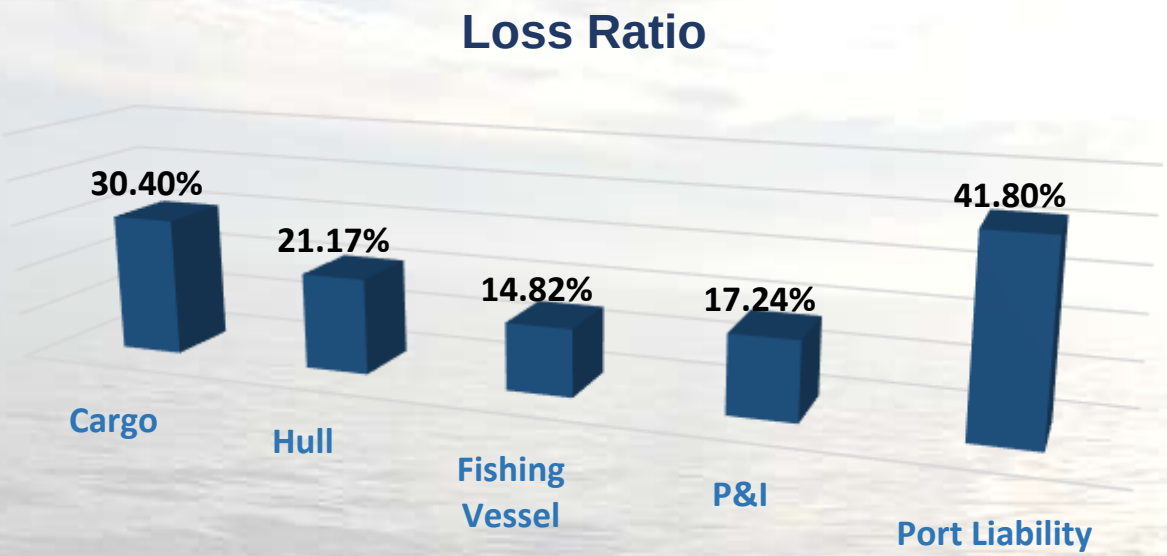
Operational Review

Items	Cargo	Marine Hull	Fishing Vessel	P&I	Port Liability
Gross Premiums Written (KPW)	479,327,308	266,524,175	57,491,230	70,373,717	21,172,953
Loss Ratio (%)	30.40	21.17	14.82	17.24	41.82



Premium and Loss Ratio Chart by Line of Business





Financial Statements

BALANCE SHEET as at 31st December 2018

Figures in KPW
KPW 130:CHF 1

ASSETS	2018	2017
Cash with bank & in hand	3,756,398,087	3,296,800,008
Receivables	43,026,029	94,090,429
Tangible assets	359,328,000	275,008,000
Intangible and other assets	39,526,080	19,250,560
TOTAL ASSETS	**4,198,278,196**	**3,685,148,997**
EQUITY AND LIABILITIES	**2018**	**2017**
Equity	**3,470,363,844**	**3,156,143,400**
Paid-up capital	3,000,000,000	3,000,000,000
Retained earnings	156,143,400	12,349,974
Profit or loss for the period/year	314,220,444	143,793,425
Liabilities arising from insurance contracts	**316,375,468**	**177,060,597**
Provision for unearned premiums	271,322,668	153,888,397
Provision for outstanding claims	39,520,000	12,400,000
Other underwriting provision	5,532,800	10,772,200
Long-term debt	**239,800,000**	**297,000,000**
Other liabilities	**171,738,884**	**54,945,000**
TOTAL EQUITY AND LIABILITIES	**4,198,278,196**	**3,685,148,997**

STATEMENT OF PROFIT OR LOSS for the year ended 31st December 2018

Figures in KPW
KPW 130:CHF 1

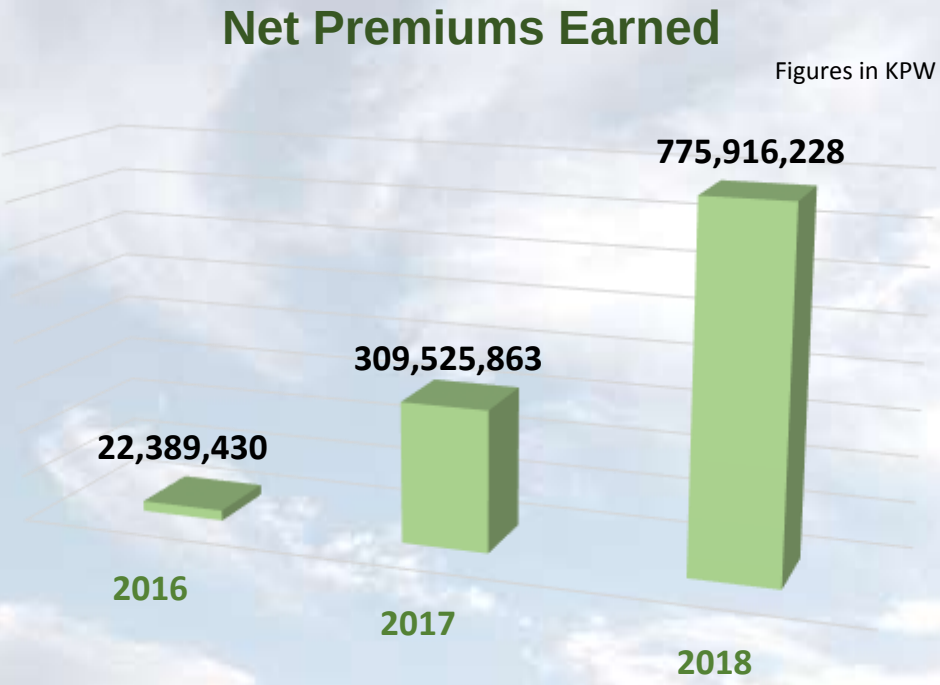
ITEMS	2018	2017
Net underwriting result	**555,059,408**	**230,373,459**
Gross premiums written	894,889,383	431,897,605
Change in provision for unearned premiums	(118,973,155)	(122,371,742)
Net premiums earned	775,916,228	309,525,863
Gross claims paid	(192,148,952)	(62,807,472)
Change in provision for outstanding claims	(27,120,000)	(12,400,000)
Change in other underwriting provision	(1,587,868)	(3,944,932)
Other income	**21,607,000**	**27,644,815**
General and administrative expenses	**(127,780,059)**	**(52,599,095)**
PROFIT/LOSS BEFORE PAYMENT TO STATE	**448,886,349**	**205,419,179**
Payment to state	**(134,665,905)**	**(61,625,754)**
PROFIT/LOSS FOR THE PERIOD/YEAR	**314,220,444**	**143,793,425**

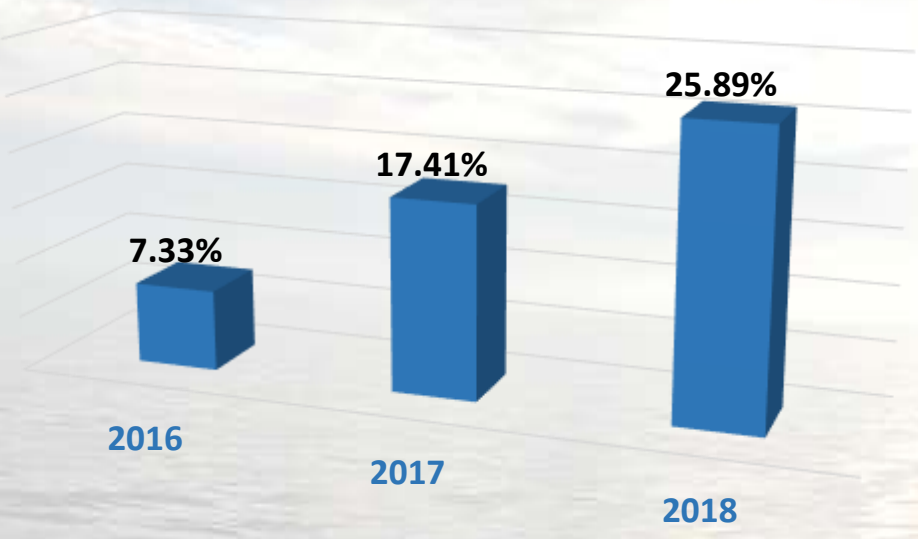
STATEMENT OF CASH FLOWS for the year ended 31st December 2018

Figures in KPW
KPW 130:CHF 1

ITEMS	2018	2017
Cash flows from operating activities		
Cash from operating activities	594,979,504	313,550,921
Payment to state	(134,665,905)	(61,625,754)
Net cash from operating activities	**460,313,599**	**251,925,168**
Cash flows from investing activities		
Purchase of assets	(113,715,520)	(153,500,160)
Net cash from investing activities	**(113,715,520)**	**(153,500,160)**
Cash flows from financing activities		
Proceeds from borrowings	113,000,000	153,000,000
Net cash from financing activities	**113,000,000**	**153,000,000**
NET CHANGE IN CASH	**459,598,079**	**251,425,008**
Cash at the beginning of the period/year	**3,296,800,008**	**3,045,375,000**
CASH AT THE END OF THE PERIOD/YEAR	**3,756,398,087**	**3,296,800,008**

Net Premiums Earned and Loss Ratio Chart for 3 Years





Auditor's Report

We have audited the financial statements including but not limited to Balance Sheet, Statement of Profit or Loss and Statement of Cash Flows which were drafted by SAMHAE INSURANCE COMPANY for the accounting year from 1st January to 31st December 2018.

SAMHAE's responsibility for the financial statements

SAMHAE is responsible to prepare and present these financial statements in accordance with the Law on Financial Management and the Public Accounts Law of DPR Korea.

Auditor's responsibility

Our responsibility is to check these financial statements and notify SAMHAE of our official results.

We have audited financial statements in conformity with the Law of Auditing of DPR Korea.

In order to verify the accuracy of financial statements, we selected the crucial documentation according to our criteria and checked the figures shown therein together with assets management status. Not only the accuracy of financial statements but also the competency of accounting principles was closely examined. We believe that we have done our job and presented our opinion as professional auditors on a reasonable basis.

Audit opinion

We opine that the audited financial statements are in full compliance with the Law of Auditing of DPR Korea and that they give a true and unbiased view of the financial position and the operating activities of SAMHAE as at 31st December 2018.

27th March 2019

Han Myong Il, Director, Auditing Office, DPR Korea

O Un Hyang, Manageress, Auditing Office, DPR Korea

BUSINESS PLAN FOR 2019

BUSINESS PLAN

- To actively launch marine insurance products to meet the demand of national market and increase customers
- To innovate insurance service and offer high quality assistance to the clients
- To introduce up-to-date science and technology in risk and loss survey and improve the compensation procedure

SAMHAE INSURANCE COMPANY

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